Secret

No Foreign Dissem

DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Soviet Policy in South Asia

Secret

№ 41

22 November 1968
No. 0048/68A

SOVIET POLICY IN SOUTH ASIA

The aim of Soviet policy in South Asia since the Tashkent peace conference in 1966 has been to limit US and Chinese influence and to move India and Pakistan toward a settlement of their differences. Moscow's efforts to secure a permanent detente between India and Pakistan have helped prevent renewed fighting, but have failed to resolve the basic issues. Despite the dim prospects for success, the Soviets are certain to persist in trying to find a solution to the conflict.

Although the Soviets no longer give New Delhi unqualified support on issues involving Pakistan, the "special relationship" with India remains the bedrock of Soviet policy in South Asia. India is already the largest recipient of Soviet assistance in the free world and is steadily extending its economic ties with the USSR. Indo-Soviet relations have remained satisfactory since early 1967, but Moscow is still generally unhappy with New Delhi's domestic policies.

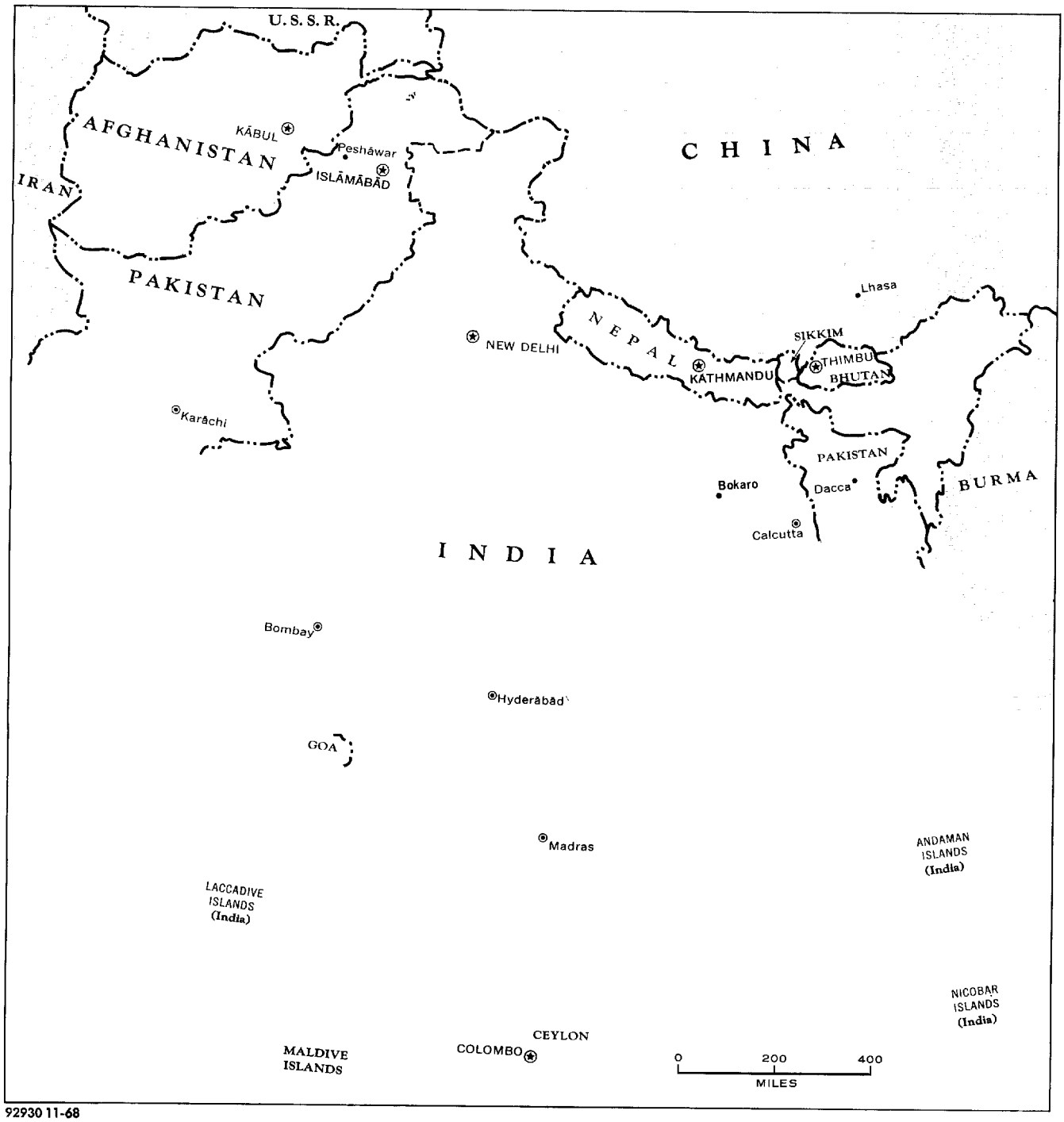
Moscow's campaign to strengthen relations with Pakistan is aimed chiefly at countering Chinese influence there. The decision to provide arms is one aspect which has shaken New Delhi. Better Pakistani-Soviet relations have generally raised Indian fears that the USSR will regard Pakistan and India equally in the future--although such concern is currently unwarranted.

Indo-Pakistani Conflict

Soviet sponsorship of the Tashkent Conference in January 1966, at which India and Pakistan agreed to normalize relations, greatly enlarged Moscow's role in South Asia. It also made the prevention of war there and normalization of relations between India and Pakistan a principle objective of Soviet policy. Moscow is concerned that renewed warfare might open the door to Chinese military intervention and subsequent US involvement in support of India. The USSR also seems to believe that its aims of securing stability along its southern border and choking off the spread of Chinese and US influence in South Asia are best served if there is peace between India and Pakistan. Although the Tashkent Conference earned Moscow a good deal of world-wide respect, it placed the Soviets in the middle of a complex and difficult problem. They can neither resolve this problem nor sidestep it.

As a result, the Soviet Union has made considerable

SECRET



92930 11-68

SECRET

efforts to promote peace on the subcontinent and to encourage the step-by-step resolution of outstanding Indo-Pakistani differences. In April 1966, when Moscow was concerned that the Tashkent agreement might break down, Premier Kosygin met with Indian Prime Minister Gandhi and urged restraint in the face of Pakistani provocation. Soviet First Deputy Premier Mazurov, on a visit to Rawalpindi a month later, tried to calm down the Pakistanis.

In August 1967, the Soviets apparently again detected what they considered to be a serious deterioration in Indo-Pakistani relations, and Kosygin sent letters to both Ayub Khan and Mrs. Gandhi urging them to resolve their differences "in the spirit of Tashkent." Both were subsequently invited to Moscow where talks focused on the prevention of renewed hostilities. In numerous meetings with other high-level representatives of India and Pakistan during the past three years, the Soviets have invariably urged an easing of tensions.

The USSR has not made any headway in untangling the Kashmir problem--the key to the conflict--and, indeed, has done its best to keep itself out of this thicket. A distinct, though subtle, shift in the Soviet position appeared, however, at the Tashkent Conference when the USSR reportedly assured the Pakistanis that it would "henceforth approach the Kashmir Resolution in the UN with an entirely objective approach." When Ayub Khan visited Moscow in September 1967, Kosygin allegedly again promised that if the question of Kashmir were raised in the Security Council, the USSR would "consider" withholding its veto--used previously in 1957 and 1962 in support of India. In bilateral talks with the Indians during September 1968, the Soviet representatives were evasive when the Indians invited them to renew previous promises to use the veto in the Security Council on the Kashmir issue.

This shift has had considerable impact in India and Pakistan, although local fears and hopes are probably greater than is warranted. Indian officials apparently consider unqualified Soviet support on Kashmir a thing of the past, and the Pakistanis seem convinced that there has been a distinct change for the better in the Soviet attitude. It does appear that Moscow has modified its support for India, particularly on Kashmir. Moreover, by moving closer to neutrality on the issue, Moscow may have improved its credentials as a disinterested arbiter.

"Special Relationship" With India

The "special relationship" with India remains the keystone of Soviet policy in South Asia. Large-scale economic and military programs have served to lessen Indian dependence on the West and to strengthen the

Indian economy. Moscow had made this effort, in part, because it considers India a valuable foil to the Chinese. India's size and leading position among the non-aligned nations further increase its weight in Soviet calculations.

From the Indian point of view, Soviet support is essential for defense against China, and New Delhi therefore gives careful consideration to Soviet positions on important issues. Moscow's views are accommodated if they do not run counter to India's crucial foreign policy interests.

New Delhi's abstention on the UN Security Council resolution condemning the invasion of Czechoslovakia produced a storm of criticism at home and abroad and provided a clear example of Indian deference to the USSR. New Delhi's steadfast support for the Arabs in 1967 was fully consonant with Soviet policy, although it also reflected India's traditional support for the Arab cause and the legacy of Nehru's commitment to nonalignment and Afro-Asian solidarity. India's policy on numerous other issues not concerning its own direct interests frequently parallels Soviet positions.

On the other hand, New Delhi does not necessarily follow the Soviet lead on all foreign policy matters. The Indians were willing to join the Soviets in calling for a cessation of US bombing in North Vietnam, for example, but they resisted Soviet pressures to condemn the US officially in Southeast Asia. Additionally, India has refused to establish diplomatic relations with East Germany and to sign the nuclear nonproliferation treaty.

There have been other problems in Indo-Soviet relations since late 1965. Moscow's effort since Tashkent to improve relations with Pakistan has probably been the greatest irritant. The USSR's failure to stand four-square with India at the Tashkent Conference almost certainly was an unwelcome and eye-opening experience for New Delhi. In the discussions between Mrs. Gandhi and Kosygin in July 1966, and invariably in later meetings, Soviet intentions in Pakistan--especially the possibility of arms sales--have been high on the agenda. After Kosygin's visit to New Delhi in January 1968, many Indian officials were convinced that Soviet policy had changed and that India and Pakistan were to be treated alike in the future. The decision to provide arms to Pakistan has done little to assuage Indian fears that the "special relationship" has ended.

Indo-Soviet relations were again troubled following India's elections in February 1967. The Soviets were dissatisfied with what they perceived as a shift to the right in the Congress-controlled government and the political spectrum as a whole. By the fall of 1967, however, relations began to improve, although the Soviets are still basically dissatisfied with the Congress Party's conservative domestic policies.

There have been numerous lesser irritants in Indo-Soviet relations. The defection of Svetlana Stalina in February 1967 caused resentment among Soviet officials who accused the Indians of collusion. New Delhi has frequently complained that broadcasts of the Soviet-sponsored Radio Peace and Progress are critical of Indian political leaders. India has been further incensed by continued publication in Soviet atlases of the Chinese version of the Sino-Indian border.

Soviet Economic and Military Aid to India

India is one of the largest recipients of Soviet economic and military aid in the free world, having received commitments of more than $2 billion in aid since 1955. Soviet economic aid generally has concentrated on large showy projects in the public sector, although aid deliveries have slowed down because of a recession in India. Progress at the Bokaro steel plant, the largest Soviet aid project in India, has been quite slow, primarily because of contract negotiations. Nevertheless, the Soviets extended $333 million in new project aid and an additional $222 million trade credits in 1966 for India's fourth Five Year Plan. A part of Soviet aid has been earmarked to expand projects begun under the third Five Year Plan.

In an effort to increase purchases from India's depressed heavy industry sector and at the same time to promote a more balanced growth in trade, the Soviet Union agreed earlier this year to purchase some $50 million worth of Indian steel over the next three years. In addition, in 1969 the USSR plans to make the first of several planned annual purchases of Indian rail cars which may ultimately total as much as $600 million.

Indo-Soviet economic affairs, however, are subject to friction. The Indians have been critical of the high cost of Soviet goods, and of the poor quality and selection of items available to them. The Indians continue to complain that the high cost of Soviet components often makes the public sector uncompetitive.

Military aid is a major source of Soviet leverage on Indian policy. The supply of arms, begun in 1960, increased substantially after the Tashkent Conference when Western sources were completely cut off. By mid-1968, extensions of military aid approached $700 million, and included tanks, SU-7 fighter-bombers, surface-to-air missiles, and naval units.

Soviet Relations With Pakistan

The growth of Chinese influence in Pakistan was almost certainly a major factor in the Soviet decision to develop closer ties with Pakistan. Peking's influence in Pakistan grew largely from the common enmity toward India and Rawalpindi's dependence on Peking for arms. The Soviets probably hope that closer political ties, combined with offers of economic and military aid,

will reduce the Chinese position in Pakistan.

Moscow has extended $180 million in aid to Pakistan beginning in 1956, with $134 million given since 1964. This has improved relations and opened the way for further assistance. Soviet experts have undertaken feasibility studies this year for a nuclear power plant, a major steel complex, and a large electrical plant. Military sales to date have been limited to vehicles and helicopters, but in June 1968 the Soviets expressed their readiness to provide some arms to Pakistan.

Details remain to be worked out, but fighter aircraft, tanks, and air defense equipment are priority items on Rawalpindi's list.

The Soviets have so far received a good political return for their limited investment. One benefit has been Pakistan's decision to end the operation of US military installations on its territory. In April 1968, the Pakistanis told the US that they would not renew the agreement permitting operation of the Peshawar base, thus elminating what had been considered a serious liability in Pakistani relations with the Soviet Union. Soviet aid has also been one factor in bringing about Pakistan's increasing indifference to CENTO and SEATO. Rawalpindi's refusal to criticize the Soviet invasion of Czechoslovakia certainly must have been satisfying to Soviet policy makers.

Pakistan considers improved ties with the Soviet Union essential in its quest for security vis-a-vis the Indians, and in its attempts to balance relations with all three major powers. Moscow's opportunities to counter the Chinese in Pakistan, however, have been severely limited by commitments to India, although efforts to diminish US influence have been more rewarding.

Moscow's Ties With Afghanistan, Ceylon, and Nepal

The Soviet Union exercises less influence than might be expected in Afghanistan, chiefly because Moscow recognizes Kabul's traditional neutrality. Nevertheless, the USSR is by far Afghanistan's largest foreign source of military and economic assistance. Afghanistan has received more than $700 million in aid during the past ten years. The latest agreement, signed in April 1968, provides $127 million in credits, of which $72 million is earmarked for Afghanistan's third Five Year Plan.

Afghanistan's search for foreign aid from free world as well as Communist sources, however, has raised Soviet doubts. Several high-level Soviet officials have visited Kabul to ensure that this policy will not affect the country's nonaligned status. China has extended Afghanistan a $28-million credit to establish its presence, but Peking has little or no chance of dislodging the Soviet position.

Nepal and Ceylon have low priorities in the Soviet's South

Asian policy. The USSR has extended Nepal only $20 million in aid during the past twelve years, or less than one third of what the Chinese have given. Soviet influence in Ceylon has been preserved primarily because Moscow has catered to the government and the three parties of the left opposition. Economic aid to Ceylon is limited; Moscow has extended only $30 million in credits since 1954. The Soviets have undoubtedly been displeased with Ceylon's emphasis on a more balanced nonalignment following the displacement of the Communist-leaning government of Mrs. Bandaranaike, and they will probably support the leftist parties in the 1970 election.

Prospects

China, perhaps even more than the US, will be a critical factor influencing Soviet conduct in South Asia. India will continue to rely heavily on Soviet support as long as China is considered a major threat, and Sino-Soviet competition in Pakistan is likely to persist and perhaps become more heated.

Even though the Soviets have taken these recent steps toward more impartiality in South Asian affairs and toward improving Soviet-Pakistani relations, they are still not likely to end their primary emphasis on India in this area of the world. Soviet economic and military aid to India is expected to remain available, and trade should increase, although the problems associated with both aid and trade will persist. Difficulties in Indo-Soviet relations, and concern over the extent of Soviet influence have undoubtedly caused the Indians to have second thoughts and may lead them to be more hardheaded and realistic in future dealings with Moscow.

Moscow's chief objective in Pakistan probably will be to counter US and Chinese influence. This effort, however, is likely to succeed only partially and only as long as Ayub Khan is able to keep balancing the three great powers. In the future, the Soviets can be expected to strengthen their position in Pakistan by continuing to downplay support for India on Kashmir as well as by providing arms to Rawalpindi. Moscow will probably expand other assistance as well, but will be careful not to risk seriously offending the Indians. (SECRET NO FOREIGN DISSEM)

* * *

Secret

Secret